

**BOROUGH OF HARRINGTON PARK**

**BERGEN COUNTY, NEW JERSEY**

**REPORT OF AUDIT**

**YEAR ENDED DECEMBER 31, 2016**

# BOROUGH OF HARRINGTON PARK

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**BOROUGH OF HARRINGTON PARK**

**BERGEN COUNTY**

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**PART I**

**REPORT OF AUDIT OF FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2016**

# LERCH, VINCI & HIGGINS. LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and  
Members of the Borough Council  
Borough of Harrington Park  
Harrington Park, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Harrington Park, as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2016, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Harrington Park on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Harrington Park as of December 31, 2016 and 2015 for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Award Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2016 and 2015. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 52 percent and 48 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2016 and 2015.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Harrington Park as of December 31, 2016 and 2015, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2016 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.



## ***Other Matters***

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Harrington Park as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Harrington Park.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

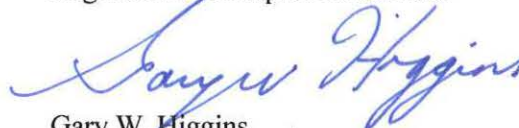
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated June 26, 2017 on our consideration of the Borough of Harrington Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Harrington Park's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants



Gary W. Higgins  
Registered Municipal Accountant  
RMA Number CR00405

Fair Lawn, New Jersey  
June 26, 2017



**BOROUGH OF HARRINGTON PARK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	A-4	\$ 2,091,455	\$ 1,695,605
Cash - Change Funds	A	200	200
Grants Receivable	A-21	<u>35,276</u>	<u>113,745</u>
		<u>2,126,931</u>	<u>1,809,550</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-7	129,231	212,193
Tax Title Liens Receivables	A-8	24,404	36,266
Property Acquired for Taxes - At Assessed Valuation	A-9	59,720	59,720
Revenue Accounts Receivable	A-10	2,660	6,086
Other Accounts Receivable	A-26		623
Prepaid County Taxes	A-16		288
Due from General Capital Fund	C-10	<u>132</u>	<u>126</u>
		<u>216,147</u>	<u>315,302</u>
Deferred Charges			
Special Emergency Authorizations (40A:4-55)	A-11	<u>25,100</u>	<u>50,200</u>
		<u>25,100</u>	<u>50,200</u>
Total Assets		<u>\$ 2,368,178</u>	<u>\$ 2,175,052</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HARRINGTON PARK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Liabilities			
Appropriation Reserves	A-3,A-12	\$ 437,068	\$ 357,152
Encumbrances Payable	A-13	15,168	82,994
Due to Other Trust Fund	B-17	4,478	4,609
Due to Municipal Open Space and Recreation Trust Fund	B-25	64,638	69
Prepaid Taxes	A-14	140,952	99,467
Tax Overpayments	A-24	15,667	19,156
Local District School Tax Payable	A-17	92,729	92,735
Due to State of New Jersey - Senior Citizens and Veterans Deductions	A-6	13,881	12,381
Due to State of New Jersey - DCA Fees Payable	A-25	1,093	1,721
Reserve for Tax Appeals	A-20	16,795	16,795
Reserve for Sale of Municipal Assets	A-19	6,539	6,539
Appropriated Reserves	A-22	68,020	150,074
Unappropriated Reserves	A-23	<u>18,121</u>	<u>-</u>
		895,149	843,692
Reserve for Receivables	A	216,147	315,302
Fund Balance	A-1	<u>1,256,882</u>	<u>1,016,058</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,368,178</u>	<u>\$ 2,175,052</u>

**BOROUGH OF HARRINGTON PARK**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 358,000	\$ 291,440
Miscellaneous Revenues Anticipated	A-2	830,496	972,558
Receipts from Delinquent Taxes	A-2	212,430	220,159
Receipts from Current Taxes	A-2	24,257,163	23,531,741
Non-Budget Revenues	A-2	142,762	149,240
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-12	184,889	121,653
Accounts Payable Cancelled	A		278
Prepaid County Taxes - 2015 Returned	A-16	288	-
		<u>25,986,028</u>	<u>25,287,069</u>
<b>EXPENDITURES</b>			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	2,567,756	2,499,411
Other Expenses	A-3	2,608,700	2,686,887
Capital Improvements	A-3	2,000	90,000
Municipal Debt Service	A-3	382,555	57,630
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	627,727	682,433
County Taxes	A-16	2,373,414	2,271,291
County Taxes- Open Space Preservation	A-16	24,427	23,936
Due County for Added and Omitted Taxes	A-16	3,343	3,800
Local District School Tax	A-17	11,417,729	11,074,823
Regional High School Tax	A-18	5,289,585	5,256,959
Municipal Open Space Tax	A-15	89,712	89,671
Prior Year Refunds	A		361
Prior Year Senior and Vets Deductions Disallowed	A-6	250	1,750
Prepaid County Taxes - 2015	A		288
Interfunds and Other Receivable Advanced	A-1	6	749
		<u>25,387,204</u>	<u>24,739,989</u>
Excess of Revenue over Expenditures		598,824	547,080

**BOROUGH OF HARRINGTON PARK**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Excess of Revenue over Expenditures (Carried Forward)		\$ 598,824	\$ 547,080
<b>FUND BALANCE, January 1</b>	A	<u>1,016,058</u>	<u>760,418</u>
		1,614,882	1,307,498
Decreased by:			
Utilization as Anticipated Revenues	A-1	<u>358,000</u>	<u>291,440</u>
<b>FUND BALANCE, December 31</b>	A	<u>\$ 1,256,882</u>	<u>\$ 1,016,058</u>

**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

		<u>Anticipated</u>		<u>Excess or</u>
	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>(Deficit)</u>
<b>FUND BALANCE ANTICIPATED</b>	A-2	\$ 358,000	\$ 358,000	-
<b>MISCELLANEOUS REVENUES</b>				
Licenses				
Alcoholic Beverages	A-10	1,600	1,620	\$ 20
Other	A-10	2,625	3,045	420
Fees and Permits				
Other	A-10	13,706	9,042	(4,664)
Fines and Costs				
Municipal Court	A-10	55,000	52,674	(2,326)
Interest and Costs on Taxes	A-10	52,380	46,572	(5,808)
Interest in Investments and Deposits	A-2	8,500	12,191	3,691
Cablevision Fess	A-10	34,404	34,404	-
Energy Receipts Taxes	A-10	447,738	447,738	-
Watershed Moratorium Offset Aid	A-10	20,257	20,257	-
Uniform Construction Code Fees	A-10	129,000	92,183	(36,817)
Recycling Tonnage Grant	A-21	3,032	3,032	-
Municipal Alliance on Alcoholism and Drug Abuse	A-21	7,140	7,140	-
Uniform Fire Safety Act	A-10	1,000	7,603	6,603
Lease of Real Property - Cell Tower	A-10	25,000	36,925	11,925
Donations - Borough Newsletter	A-10	5,000	8,300	3,300
Verizon Video Fees	A-10	35,453	35,453	-
Sewer Payments - Old Tappan	A-10	10,000	12,317	2,317
 Total Miscellaneous Revenues	A-2	<u>851,835</u>	<u>830,496</u>	<u>(21,339)</u>
<b>RECEIPTS FROM DELINQUENT TAXES</b>	A-7	<u>200,000</u>	<u>212,430</u>	<u>12,430</u>
<b>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</b>				
Local Tax for Municipal Purposes		4,679,419	4,776,313	96,894
Minimum Library Tax		<u>325,314</u>	<u>325,314</u>	<u>-</u>
	A-2	<u>5,004,733</u>	<u>5,101,627</u>	<u>96,894</u>
 Total General Revenues		<u>\$ 6,414,568</u>	<u>6,502,553</u>	<u>\$ 87,985</u>
 Non-Budget Revenues	A-1,A-2		<u>142,762</u>	
			<u>\$ 6,645,315</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF REVENUES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Reference</u>	
<u>Analysis of Realized Revenue</u>		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-7	\$ 24,257,163
Allocated to		
School, County, and Municipal Open Space Taxes	A-15,16,17,18	<u>19,379,536</u>
		4,877,627
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>224,000</u>
Balance for Supporting Municipal Budget Appropriations	A-2	<u>\$ 5,101,627</u>



**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Reference</u>	
<u>Non-Budget Revenue</u>		
Police Outside Detail		\$ 85,106
Garbage Fees		3,493
Administration Fee - Homestead Rebate		205
2% Administration Fee - Senior Citizen and Veteran Deductions		835
JIF Dividends		6,590
Disposal of Assets		20,026
Excess Funds in Net Payroll Returned		1,868
Excess Funds in Payroll Agency Returned		10,041
Miscellaneous Fees		<u>14,598</u>
	A-2, A-4	<u>\$ 142,762</u>
<u>Analysis of Interest on Investment and Deposits</u>		
Cash Receipts	A-10	\$ 12,054
Due from General Capital Fund	C-10	6
Due from Other Trust Fund	B-17	<u>131</u>
	A-2	<u>\$ 12,191</u>

**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries and Wages	\$ 12,533	\$ 11,897	\$ 10,612	\$ 1,285	
Other Expenses	40,000	38,100	36,276	1,824	
Mayor and Council					
Other Expenses	2,000	2,000	1,372	628	
Municipal Clerk					
Salaries and Wages	60,000	60,636	60,636	-	
Other Expenses	5,000	6,900	4,875	2,025	
Financial Administration					
Salaries and Wages	141,455	141,455	140,126	1,329	
Other Expenses	23,865	23,865	20,624	3,241	
Audit Services					
Other Expenses	32,000	32,000	3,600	28,400	
Revenue Administration (Tax Collection)					
Salaries and Wages	1	1		1	
Other Expenses	3,355	3,355	2,655	700	
Assessment of Taxes					
Salaries and Wages	23,562	23,562	23,434	128	
Other Expenses	3,200	3,200	1,303	1,897	
Legal Services and Costs					
Other Expenses					
Special Counsel	17,000	17,000	8,378	8,622	
Miscellaneous	40,000	40,000	39,959	41	
Engineering Services and Costs					
Other Expenses	12,000	13,500	11,000	2,500	
Planning Board					
Salaries and Wages	2,000	2,550	2,546	4	
Other Expenses	40,000	72,000	68,135	3,865	
Zoning Board of Adjustment					
Salaries and Wages	4,760	5,241	5,241	-	
Other Expenses	2,300	2,300	2,271	29	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
INSURANCE					
General Liability Insurance	\$ 220,455	\$ 220,455	\$ 216,798	\$ 3,657	
Disability Insurance	6,000	6,000		6,000	
Employee Group Health	385,000	385,000	331,683	53,317	
Unemployment Insurance	2,500	2,500	394	2,106	
Police					
Salaries and Wages	1,476,020	1,476,020	1,436,486	39,534	
Other Expenses	46,000	46,000	43,182	2,818	
Emergency Management Services					
Other Expenses	2,000	2,000	2,000		
Aid to Volunteer Ambulance Companies	16,400	16,400	16,200	200	
Fire					
Other Expenses	75,233	75,233	70,961	4,272	
Fire Hydrant Services	100,000	100,000	95,660	4,340	
Uniform Fire Safety Act					
Salaries and Wages	5,100	5,100	5,100		
Other Expenses	3,000	3,000	2,284	716	
Municipal Prosecutor					
Prosecutor- Contractual	6,000	6,000	6,000		
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	727,000	727,000	694,817	32,183	
Other Expenses	65,580	54,392	25,362	29,030	
Solid Waste Collection					
Garbage and Trash Removal - Contractual	168,800	168,800	154,733	14,067	
Public Buildings and Grounds					
Other Expenses	20,000	20,000	13,452	6,548	
Vehicle Maintenance					
Police- Other Expenses	12,000	12,000	7,023	4,977	
Streets and Roads- Other Expenses	14,000	14,000	12,745	1,255	
Other Public Works Function - Beautification					
Other Expenses	2,000	2,000	1,954	46	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
HEALTH and HUMAN SERVICES					
Board of Health					
Salaries and Wages - Regular	\$ 18,725	\$ 18,725	\$ 17,846	\$ 879	
Other Expenses	9,850	9,850	8,522	1,328	
Environmental Commission					
Salaries and Wages	714	714	714		
Other Expenses	400	400	388	12	
PARK AND RECREATION					
Recreation Services and Programs					
Salaries and Wages	1,530	1,855	1,854	1	
Other Expenses	1,500	1,500	1,500		
Maintenance of Parks					
Other Expenses	8,000	8,000	8,000		
Senior Citizen Activities	3,150	3,150	3,150		
Seniors Transportation Agreement w/Haworth	10,000	10,000		10,000	
Municipal Court					
Salaries and Wages	12,000	12,000	12,000		
Other Expenses	3,998	3,998	3,804	194	
Public Defender					
Other Expenses	1,200	1,200	500	700	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
State Uniform Construction Code					
Salaries and Wages	81,000	81,000	78,236	2,764	
Other Expenses	4,350	4,350	3,618	732	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
UTILITIES EXPENSE AND BULK					
PURCHASES					
Electricity	\$ 25,857	\$ 25,857	\$ 22,416	\$ 3,441	
Street Lighting	49,200	49,200	41,559	7,641	
Telephone and Telegraph	26,650	26,650	21,053	5,597	
Water	17,500	22,500	17,060	5,440	
Natural Gas	11,275	11,275	4,451	6,824	
Gasoline	56,375	43,524	22,998	20,526	
Sewage Processing and Disposal	512	512		512	
LANDFILL/ SOLID WASTE DISPOSAL					
COSTS					
Bergen County Landfill Dumping Fees	150,000	135,000	114,697	20,303	-
Total Operations Within "CAPS"	4,311,905	4,312,722	3,964,243	348,479	-
Detail:					
Salaries and Wages	2,566,400	2,567,756	2,489,648	78,108	-
Other Expenses	1,745,505	1,744,966	1,474,595	270,371	-
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL WITHIN					
"CAPS"					
Statutory Charges					
Contribution to Public Employees Retirement System	130,109	130,109	114,622	15,487	
Social Security System (O.A.S.I.)	100,000	100,280	100,279	1	
Police & Firemen's Retirement System of NJ	346,687	346,687	346,687		
Contribution to PERS - ERIP	24,551	24,551	24,551		
Contribution to Defined Contribution Retirement Program	1,000	1,000	-	1,000	-
Total Deferred Charges and Statutory					
Expenditures - Municipal					
Within "CAPS"	602,347	602,627	586,139	16,488	-
Total General Appropriations for					
Municipal Purposes Within "CAPS"	4,914,252	4,915,349	4,550,382	364,967	-

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
OPERATIONS - EXCLUDED					
FROM "CAPS"					
NJPDES Permit - Stormwater Permit					
Engineering -Other Expenses	\$ 4,500	\$ 3,000	\$ 2,630	\$ 370	
Bergen County Utilities Authority					
Operating	255,482	255,482	255,482		
Debt Service	104,377	104,377	104,377		
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	325,314	325,314	325,314		
LOSAP	70,000	70,000		70,000	
Recycling Tax Appropriation	7,175	7,175	5,594	1,581	-
Total Other Operations - Excluded from "CAPS"	766,848	765,348	693,397	71,951	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
9-1-1 Interlocal Agreement	57,500	57,500	57,440	60	
Municipal Court Administrator - Borough of Norwood	27,931	28,334	28,244	90	-
Total Interlocal Municipal Service Agreements	85,431	85,834	85,684	150	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Municipal Alliance Program (State and Local Match)	9,520	9,520	9,520		
Recycling Tonnage Grant	3,032	3,032	3,032	-	-
Total Public and Private Programs Offset by Revenues	12,552	12,552	12,552	-	-
Total Operations Excluded from "CAPS"	864,831	863,734	791,633	72,101	-
Detail:					
Other Expenses	864,831	863,734	791,633	72,101	-

The Accompanying Notes are an Integral Part of these Financial Statements



**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
CAPITAL IMPROVEMENTS -					
EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 2,000	\$ 2,000	\$ 2,000	-	-
Total Capital Improvements Excluded From "CAPS"	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE -					
EXCLUDED FROM "CAPS"					
Payment of Bond Principal	290,000	290,000	290,000		
Interest on Bonds	52,000	52,000	51,136		\$ 864
Green Trust Loan Program					
Loan Repayments for Principal and Interest	7,640	7,640	7,454		186
NJEIT Loan Program					
Loan Repayments for Principal and Interest	<u>34,745</u>	<u>34,745</u>	<u>33,965</u>	<u>-</u>	<u>780</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>384,385</u>	<u>384,385</u>	<u>382,555</u>	<u>-</u>	<u>1,830</u>
DEFERRED CHARGES MUNICIPAL -					
EXCLUDED FROM "CAPS"					
Special Emergency Authorizations - 5 years	<u>25,100</u>	<u>25,100</u>	<u>25,100</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>25,100</u>	<u>25,100</u>	<u>25,100</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>1,276,316</u>	<u>1,275,219</u>	<u>1,201,288</u>	<u>\$ 72,101</u>	<u>1,830</u>
Subtotal General Appropriations	6,190,568	6,190,568	5,751,670	437,068	1,830
Reserve for Uncollected Taxes	<u>224,000</u>	<u>224,000</u>	<u>224,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 6,414,568</u>	<u>\$ 6,414,568</u>	<u>\$ 5,975,670</u>	<u>\$ 437,068</u>	<u>\$ 1,830</u>
<u>Reference</u>	A-2	A-2		A	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Reference</u>	<u>Paid or Charged</u>
Cash Disbursed	A-4	\$ 6,004,478
Less: Budget Offsets	A-4	<u>303,139</u>
		5,701,339
Special Emergency Authorizations	A-11	25,100
Reserve for Uncollected Taxes	A-2	224,000
Transferred to Appropriated Reserves	A-22	12,552
Encumbrances Payable	A-13	<u>12,679</u>
	A-3	<u>\$ 5,975,670</u>

**BOROUGH OF HARRINGTON PARK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL TRUST FUND</b>			
Cash	B-3	\$ 3,695	\$ 5,258
		<u>3,695</u>	<u>5,258</u>
<b>OTHER TRUST FUND</b>			
Cash	B-3	409,130	424,179
Due from Current Fund	B-17	<u>4,478</u>	<u>4,609</u>
		<u>413,608</u>	<u>428,788</u>
<b>MUNICIPAL OPEN SPACE AND RECREATION TRUST FUND</b>			
Cash	B-3	321,883	401,106
Due from Current Fund	B-25	<u>64,638</u>	<u>69</u>
		<u>386,521</u>	<u>401,175</u>
<b>LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)</b>			
Investments	B	820,440	689,173
Contribution Receivable	B	<u>68,061</u>	<u>72,541</u>
		<u>888,501</u>	<u>761,714</u>
Total Assets		<u>\$ 1,692,325</u>	<u>\$ 1,596,935</u>

**BOROUGH OF HARRINGTON PARK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>LIABILITIES AND RESERVES</b>			
<b>ANIMAL CONTROL TRUST FUND</b>			
Reserve for Animal Control Fund Expenditures	B-4	\$ 3,695	\$ 5,258
		<u>3,695</u>	<u>5,258</u>
<b>OTHER TRUST FUND</b>			
Developer's Deposits	B-6	59,821	59,821
Street Opening Deposits - Developers	B-8	2,000	2,000
Subdivision Applications - Developers	B-7	117,438	78,122
Payroll Deductions	B-21	4,826	16,936
Dedicated Funds			
Cat License Fees	B-9	6,425	5,778
Tennis Program Reserve - Recreation	B-10	8,911	8,911
Unemployment Insurance Trust	B-16	17,828	21,204
Parking Offenses Adjudication Act	B-11	194	194
Recycling Program	B-12	1,641	1,744
Recreation Fees	B-13	12,989	9,873
Green Team/Environmental Commission-Donations	B-23	1,392	919
Police - Donations	B-24	2,539	3,321
World Trade Center Assistance	B-18	1,097	1,097
Beautification	B-26	5,266	7,206
Tree Fees	B-27	15,532	16,354
Due to State of New Jersey			
State Training Fees	B-14	7,018	7,018
Domestic Violence Fees	B-15	128	103
Tax Sale Premiums	B-22	82,000	121,900
Reserve for Affordable Housing - Developer's Fees	B-19	66,563	66,287
		<u>413,608</u>	<u>428,788</u>
<b>MUNICIPAL OPEN SPACE AND RECREATION TRUST FUND</b>			
Contracts Payable	B-28	7,980	152,679
Reserve for Open Space Expenditures	B-20	378,541	248,496
		<u>386,521</u>	<u>401,175</u>
<b>LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)</b>			
Reserve for LOSAP	B	888,501	761,714
Total Liabilities and Reserves		<u>\$ 1,692,325</u>	<u>\$ 1,596,935</u>

**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF REVENUES - REGULATORY BASIS - OPEN SPACE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Reference</u>	<u>2016 Anticipated</u>	<u>2016 Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxation	B-20	\$ 89,587	\$ 89,712	\$ 125
		<u>\$ 89,587</u>	<u>89,712</u>	<u>\$ 125</u>
Non-Budget - Miscellaneous	B-20		<u>81,469</u>	
			<u>\$ 171,181</u>	

EXHIBIT B-2

**STATEMENT OF EXPENDITURES - REGULATORY BASIS - OPEN SPACE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget (Memorandum)</u>	<u>Paid or Charged</u>	<u>Excess or (Deficit)</u>
Maintenance of Land for Recreation and Conservation	<u>\$ 89,587</u>	<u>\$ 41,136</u>	<u>\$ 48,451</u>
<u>Reference</u>	B-1	B-20	

**BOROUGH OF HARRINGTON PARK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	C-2,C-3	\$ 1,047,652	\$ 1,325,979
Grants Receivable	C-6	198,441	260,750
Due from NJEIT Loan Program	C-7	25,150	25,150
Deferred Charges to Future Taxation			
Funded	C-4	2,797,257	3,127,464
Unfunded	C-5	<u>71,897</u>	<u>71,897</u>
Total Assets		<u>\$ 4,140,397</u>	<u>\$ 4,811,240</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds Payable	C-13	\$ 2,586,000	\$ 2,876,000
Green Trust Loan Payable	C-14	10,961	18,089
NJEIT Loan Program	C-15	200,296	233,375
Improvement Authorizations			
Funded	C-12	755,603	845,705
Unfunded	C-12	71,897	71,897
Contracts Payable	C-9	134,869	407,109
Due to Current Fund	C-10	132	126
Reserve for Payment of Debt	C-11	171,966	152,266
Capital Improvement Fund	C-8	96,423	94,423
Reserve for Grants Receivable	C-16	<u>112,250</u>	<u>112,250</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,140,397</u>	<u>\$ 4,811,240</u>

There were bonds and notes authorized but not issued at December 31, 2016 and 2015 amounting to \$71,897 and \$71,897, respectively. (Exhibit C-17)



**BOROUGH OF HARRINGTON PARK  
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS -  
GENERAL CAPITAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Balance, January 1	C	\$ -	\$ 124
Decreased by:			
Payment to Current Fund as Anticipated Revenue	C-1	<u>-</u>	<u>124</u>
Balance, December 31	C	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF HARRINGTON PARK**  
**COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - REGULATORY BASIS**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
General Fixed Assets		
Land and Land Improvements	\$ 4,223,491	\$ 4,203,146
Buildings and Building Improvements	1,635,772	1,628,672
Machinery and Equipment	<u>4,263,053</u>	<u>4,379,949</u>
	<u>\$ 10,122,316</u>	<u>\$ 10,211,767</u>
Investment in General Fixed Assets	<u>\$ 10,122,316</u>	<u>\$ 10,211,767</u>

## **NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Borough of Harrington Park (the "Borough") was incorporated in 1904 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer ambulance corps, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

**B. Description of Regulatory Basis of Accounting**

The financial statements of the Borough of Harrington Park have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements**

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Municipal Open Space and Recreation Trust Fund - This fund is used to account for the receipts and disbursements relating to taxes raised to finance the maintenance, improvement and repair of the Borough's recreation facilities and to preserve open space.

Length of Service Award Program Trust Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements (Continued)**

**Comparative Data** - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

**Reclassifications** - Certain reclassifications may have been made to the December 31, 2015 balances to conform to the December 31, 2016 presentation.

**Financial Statements – Regulatory Basis**

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Borough of Harrington Park follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

**Cash and Investments** - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

**Inventories** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.



**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Property Tax Revenues/Receivables** - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**Miscellaneous Revenues/Receivables** - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

**Grant and Similar Award Revenues/Receivables** - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

**Property Acquired for Taxes** - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

**Interfunds** - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Deferred Charges** – Certain expenditures and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures and certain other items generally to be recognized when incurred, if measurable.

**Appropriation Reserves** – Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

**Expenditures** – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

**Encumbrances** - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

**Compensated Absences** - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

**Tax Appeals and Other Contingent Losses** - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

**Deferred School Taxes** – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount. GAAP does not permit the deferral of unpaid school taxes to fund balance at year end.

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**General Fixed Assets** - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Harrington Park has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$1,000 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized.

General Fixed Assets purchased after December 31, 2002 are stated at cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

General Fixed Assets purchased prior to December 31, 2002 are stated as follows:

Land and Buildings	1986 Assessed Value
Building and Building Improvement	1986 Assessed Value
Machinery and Equipment	Estimated Historical Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

**Use of Estimates** - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting** - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

Animal Control Trust Fund  
Other Trust Fund  
Length of Service Award Program Trust Fund  
General Capital Fund

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgets and Budgetary Accounting (Continued)**

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2016 the Borough Council did not increase the original budget. During 2015 the Borough Council increased the original budget by \$90,610. The 2015 increase was funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2016 and 2015.

**NOTE 3 CASH DEPOSITS AND INVESTMENTS**

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

**A. Cash Deposits**

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2016 and 2015, the book value of the Borough's deposits were \$3,874,015 and \$3,852,327 and bank and brokerage firm balances of the Borough's deposits amounted to \$4,039,395 and \$3,988,730, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>2016</u>	<u>2015</u>
	<u>Bank</u>	
	<u>Balance</u>	
Insured	\$ 4,003,671	\$ 3,953,151
Uninsured and Collateralized	<u>35,724</u>	<u>35,579</u>
	<u>\$ 4,039,395</u>	<u>\$ 3,988,730</u>

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**A. Cash Deposits (Continued)**

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2016 and 2015, the Borough's bank balances of \$35,724 and \$35,579 were exposed to custodial credit risk as follows:

	<u>2016</u>	<u>2015</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust		
department not in the Borough's name	<u>\$ 35,724</u>	<u>\$ 35,579</u>

**B. Investments**

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2016 and 2015, the Borough had the following investments:

	<u>Fair Value LOSAP Only (Unaudited)</u>
<u>2016</u>	
VALIC - Length of Service Award Program	<u>\$ 820,440</u>
<u>2015</u>	
VALIC - Length of Service Award Program	<u>\$ 689,173</u>

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2016 and 2015, \$820,440 and \$689,173 of the Borough's investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP)	
	2016	2015
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 820,440	\$ 689,173

Interest Rate Risk – The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2016 and 2015, the Borough's investment in Variable Annuity Life Insurance Company (VALIC) was rated Aa2 by Moody's Investors.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough's investments are in VALIC. These investments are 100% of the Borough's total investments.

The fair value of the above-listed investment was based on quoted market prices.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2016 and 2015 consisted of the following:

	2016	2015
<u>Current</u>		
Property Taxes	\$ 129,231	\$ 212,193
Tax Title Liens	24,404	36,266
	<u>\$ 153,635</u>	<u>\$ 248,459</u>

In 2016 and 2015, the Borough collected \$212,430 and \$220,159 from delinquent taxes, which represented 85% and 87%, respectively of the prior year delinquent taxes receivable balance.

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 5 DUE TO/FROM OTHER FUNDS**

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2016</u>		<u>2015</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 132	\$ 69,116	\$ 126	\$ 4,678
Other Trust Fund	4,478		4,609	
Municipal Open Space and Recreation Trust Fund	64,638		69	
General Capital Fund	-	132	-	126
	<u>-</u>	<u>132</u>	<u>-</u>	<u>126</u>
Total	<u>\$ 69,248</u>	<u>\$ 69,248</u>	<u>\$ 4,804</u>	<u>\$ 4,804</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or revenues earned in one fund which are due to another fund.

The Borough expects all interfund balances to be liquidated within one year.

**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2016</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 25,100	\$ 25,100	\$ -
	<u>\$ 25,100</u>	<u>\$ 25,100</u>	<u>\$ -</u>
<u>2015</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 50,200	\$ 25,100	\$ 25,100
	<u>\$ 50,200</u>	<u>\$ 25,100</u>	<u>\$ 25,100</u>

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 7 DEFERRED SCHOOL TAXES**

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2016 and 2015 are as follows:

	<u>2016</u> Local District School	<u>2015</u> Local District School
Balance of Tax	\$ 5,892,256	\$ 5,710,936
Deferred Liability	<u>5,799,527</u>	<u>5,618,201</u>
Taxes Payable	<u>\$ 92,729</u>	<u>\$ 92,735</u>

**NOTE 8 FUND BALANCES APPROPRIATED**

Under the regulatory basis of accounting, fund balance in the Current Fund is comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balance at December 31, which was appropriated and included as anticipated revenue in the Current Fun budget for the succeeding year was as follows:

	<u>2016</u>		<u>2015</u>	
	<u>Fund Balance December 31</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,196,506	\$ 368,000	\$ 852,113	\$ 358,000
Non-Cash Surplus	<u>60,376</u>	<u>-</u>	<u>163,945</u>	<u>-</u>
	<u>\$ 1,256,882</u>	<u>\$ 368,000</u>	<u>\$ 1,016,058</u>	<u>\$ 358,000</u>



**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 9 FIXED ASSETS**

**General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2016 and 2015.

	Balance, January 1, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2016</u>
<b><u>2016</u></b>					
Land and Land Improvements	\$ 4,203,146	\$ 6,061		\$ 14,284	\$ 4,223,491
Buildings and Building Improvements	1,628,672			7,100	1,635,772
Machinery and Equipment	4,379,949	144,201	\$ 239,713	(21,384)	4,263,053
	<u>\$ 10,211,767</u>	<u>\$ 150,262</u>	<u>\$ 239,713</u>	<u>\$ -</u>	<u>\$ 10,122,316</u>

	Balance, January 1, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2015</u>
<b><u>2015</u></b>					
Land and Land Improvements	\$ 4,203,146				\$ 4,203,146
Buildings and Building Improvements	1,628,672				1,628,672
Machinery and Equipment	3,991,479	\$ 388,470	\$ -	\$ -	4,379,949
	<u>\$ 9,823,297</u>	<u>\$ 388,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,211,767</u>

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT**

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u><b>2016</b></u>	<u><b>2015</b></u>
Issued		
General		
Bonds and Loans	\$ 2,797,257	\$ 3,127,464
Less Funds Temporarily Held to Pay		
Bonds and Notes	<u>171,966</u>	<u>152,266</u>
Net Debt Issued	2,625,291	2,975,198
Authorized But Not Issued		
General		
Bonds and Notes	<u>71,897</u>	<u>71,897</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 2,697,188</u>	<u>\$ 3,047,095</u>

**Statutory Net Debt**

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .276% and .318% at December 31, 2016 and 2015, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u><b>2016</b></u>			
General Debt	\$ 2,869,154	\$ 171,966	\$ 2,697,188
School Debt	<u>4,067,116</u>	<u>4,067,116</u>	<u>-</u>
Total	<u>\$ 6,936,270</u>	<u>\$ 4,239,082</u>	<u>\$ 2,697,188</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u><b>2015</b></u>			
General Debt	\$ 3,199,361	\$ 152,266	\$ 3,047,095
School Debt	<u>3,307,448</u>	<u>3,307,448</u>	<u>-</u>
Total	<u>\$ 6,506,809</u>	<u>\$ 3,459,714</u>	<u>\$ 3,047,095</u>

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**Statutory Borrowing Power**

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2016</u>	<u>2015</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 34,172,690	\$ 33,542,112
Net Debt	<u>2,697,188</u>	<u>3,047,095</u>
Remaining Borrowing Power	<u>\$ 31,475,502</u>	<u>\$ 30,495,017</u>

**A. Long-Term Debt**

The Borough's long-term debt consisted of the following at December 31:

**General Obligation Bonds**

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2016</u>	<u>2015</u>
\$119,873, 1998 Loans, due in semi-annual installments of \$3,546 to \$3,690 through February 18, 2018, interest at 2.00%	<u>\$ 10,961</u>	<u>\$ 18,089</u>

**General Intergovernmental Loans Payable**

The Borough has entered into a loan agreement with the New Jersey Green Trust for the financing relating to the acquisition of watershed lands. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loan outstanding at December 31 are as follows:

	<u>2016</u>	<u>2015</u>
\$119,873, 1998 Loans, due in semi-annual installments of \$3,617 to \$3,690 through February 18, 2018, interest at 2.00%	<u>\$ 10,961</u>	<u>\$ 18,089</u>

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**General Intergovernmental Loans Payable (Continued)**

The Borough has entered into loan agreements with the New Jersey Environmental Infrastructure Trust for the financing relating to the dredging and restoration of Blanch Brook. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued.

	<u>2016</u>	<u>2015</u>
\$348,576, 2012 Loan, due in Semi-annual installments of \$8,088 and \$16,178 through August 1, 2022, interest at 0%	\$ 145,599	\$ 169,865
\$89,732, 2012 Loan, due in Annual installments of \$8,864 to \$9,447 through August 1, 2022, interest at 0.790% to 1.930%	<u>54,697</u>	<u>63,510</u>
	<u>\$ 200,296</u>	<u>\$ 233,375</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2016 is as follows:

<u>Calendar Year</u>	<u>Bonds</u>		<u>Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 295,000	\$ 47,072	\$ 40,402	\$ 949	\$ 383,423
2018	305,000	42,647	36,892	732	385,271
2019	310,000	38,072	33,294	603	381,969
2020	320,000	33,422	33,408	488	387,318
2021	325,000	27,822	33,549	348	386,719
2022-2024	<u>1,031,000</u>	<u>43,666</u>	<u>33,712</u>	<u>182</u>	<u>1,108,560</u>
	<u>\$ 2,586,000</u>	<u>\$ 232,701</u>	<u>\$ 211,257</u>	<u>\$ 3,302</u>	<u>\$ 3,033,260</u>

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2016 and 2015 were as follows:

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within One Year
<b><u>2016</u></b>					
General Capital Fund					
Bonds Payable	\$ 2,876,000		\$ 290,000	\$ 2,586,000	\$ 295,000
Intergovernmental Loans Payable	251,464	-	40,207	211,257	40,402
	<u>\$ 3,127,464</u>	<u>\$ -</u>	<u>\$ 330,207</u>	<u>\$ 2,797,257</u>	<u>\$ 335,402</u>
	Balance January 1, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within One Year
<b><u>2015</u></b>					
General Capital Fund					
Bonds Payable	\$ 291,487	\$ 2,876,000		\$ 2,876,000	\$ 290,000
Intergovernmental Loans Payable	291,487	-	40,023	251,464	40,208
	<u>\$ 291,487</u>	<u>\$ 2,876,000</u>	<u>\$ 40,023</u>	<u>\$ 3,127,464</u>	<u>\$ 330,208</u>

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2016 and 2015 was as follows:

**Bond Anticipation Notes**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, January 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, December 31, 2016</u>
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**2016**

There are none

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, January 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, December 31, 2015</u>
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**2015**

**General Capital Fund**

Acquisition of DPW Equipment			\$ 146,500		\$ 146,500	
Various Capital Improvements			813,500		813,500	
Various Capital Improvements			<u>1,668,500</u>	<u>\$ -</u>	<u>1,668,500</u>	<u>\$ -</u>
Total General Capital Fund			<u>\$ 2,628,500</u>	<u>\$ -</u>	<u>\$ 2,628,500</u>	<u>\$ -</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund as follows:

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**Emergency Notes**

Any local unit may borrow money and issue its negotiable notes to meet an emergency appropriation. All emergency notes, and any renewals thereof, shall mature not later than the last day of the fiscal year following the fiscal year in which the notes were issued and the emergency appropriation authorized.

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, January 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, December 31, 2016</u>
<b><u>2016</u></b>						

There are none

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, January 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, December 31, 2015</u>
<b><u>2015</u></b>						

Police - Salaries and Wages			\$ 75,000	\$ -	\$ 75,000	\$ -
Total Emergency Notes			<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ -</u>

**NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<b><u>2016</u></b>		
Lynn Street – Section II Improvements	<u>\$47,418</u>	2017
<b><u>2015</u></b>		
Old Burying Ground Block Retaining Wall	\$14,816	2016
Lafayette Road and Rugen Drive Sidewalk Improvements	34,351	2016
2015 Road Resurfacing Program	50,743	2016
Highland Field Walking Path Lighting Improvements	131,275	2016
Lynn Street – Section II Improvements	<u>156,471</u>	2016
	<u>\$387,656</u>	

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)**

As of December 31, the Borough has other significant commitments as follows:

<u>Purpose</u>	<u>Remaining Commitment</u>
<b><u>2016</u></b>	
Purchase of DPW Generator	\$19,702
<b><u>2015</u></b>	
Purchase of One (1) Ford 2015 F-450 Truck	\$59,054

**NOTE 12 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

Members of the Police Department after serving the required number of years and reaching the prescribed age as set forth by the Police and Firemen's Retirement System of the State of New Jersey are entitled to six (6) months leave with pay. This payout will be charged to the current year budget at that time. This liability has been calculated as of December 31, 2015 and 2016 to be \$90,554 and \$90,112 respectively, and is material to the financial statements.

**Changes in Other Long-Term Liabilities**

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Borough's changes in other long-term liabilities for the years ended December 31, 2016 and 2015 were as follows:

	<u>January 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2016</u>	<u>Within One Year</u>
<b><u>2016</u></b>					
Compensated Absences	\$ 90,112	\$ 442		\$ 90,554	
Net Pension Liability - PERS	3,397,206	1,350,043	\$ 138,250	4,608,999	
Net Pension Liability - PFRS	<u>7,104,129</u>	<u>220,641</u>	<u>299,840</u>	<u>7,024,930</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 10,591,447</u>	<u>\$ 1,571,126</u>	<u>\$ 438,090</u>	<u>\$ 11,724,483</u>	<u>\$ -</u>



**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)**

**B. Deferred Pension Obligation (Continued)**

**Changes in Other Long-Term Liabilities (Continued)**

	Balance, January 1, <u>2015</u> (Restated) (A)	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<b><u>2015</u></b>					
Compensated Absences	\$ 310,049		\$ 219,937	\$ 90,112	
Net Pension Liability - PERS	2,635,628	\$ 899,828	138,250	3,397,206	
Net Pension Liability - PFRS	5,362,347	2,041,622	299,840	7,104,129	-
Other Long-Term Liabilities	<u>\$ 8,308,024</u>	<u>\$ 2,941,450</u>	<u>\$ 658,027</u>	<u>\$ 10,591,447</u>	<u>\$ -</u>

(A) The proportionate share of the Borough's net pension liability of the state sponsored employer retirement systems have been restated to reflect the correct proportionate share of the Borough.

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

**Police and Firemen's Retirement System (PFRS)** – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

**Public Employees' Retirement System (PERS)** – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. DCRP is a defined contribution pension plan.

**Other Pension Funds**

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at [www.state.nj/treasury/doinvest](http://www.state.nj/treasury/doinvest).

**Funded Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, which was rolled forward to June 30, 2016, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, local PERS and local PFRS is 45.7 percent with an unfunded actuarial accrued liability of \$50.3 billion. The CPFPPF system is 19.15 percent funded with an unfunded actuarial accrued liability of \$8.0 million. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 40.14 percent and \$29.6 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 52.01 percent and \$20.7 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2015 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.65% for investment rate of return for all the retirement systems except CPFPPF ( 2.85%) and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 7.06% for PERS and 5.50% for DCRP of employee's annual compensation for fiscal year 2016.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended December 31, 2016 and 2015 for CPFPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2016, 2015 and 2014, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2016	\$ 346,687	\$ 154,660	
2015	327,421	139,886	\$ 500
2014	260,251	128,847	

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees Retirement System (PERS)**

At December 31, 2016 and 2015, the Borough reported a liability of \$4,608,999 and \$3,397,206, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2016, the Borough's proportionate share was .01556 percent, which was an increase of .00043 percent from its proportionate share measured as of June 30, 2015 of .01513 percent.

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

For the year ended December 31, 2016 and 2015, the pension system has determined the Borough's pension expense to be \$492,290 and \$260,718, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$130,109 and \$116,050, respectively. At December 31, 2016 and 2015, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2016		2015	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 85,713		\$ 81,045	
Changes of Assumptions	954,738		364,833	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	175,745			\$ 54,621
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	206,985	\$ -	174,180	-
Total	<u>\$ 1,423,181</u>	<u>\$ -</u>	<u>\$ 620,058</u>	<u>\$ 54,621</u>

At December 31, 2016 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2017	\$ 330,266
2018	330,266
2019	369,534
2020	243,735
2021	149,380
Thereafter	-
	<u>\$ 1,423,181</u>

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The Borough's total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.15-4.40%
		Based on Age
Through 2026	1.65-4.15%	
	Based on Age	
Thereafter	2.65-5.15%	3.15-5.40%
	Based on Age	Based on Age
Investment Rate of Return	7.65%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial study for the period July 1, 2008 to June 30, 2011.

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2016	June 30, 2016	3.98%
2015	June 30, 2015	4.90%

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit

Payments for which the Following

Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2034

Municipal Bond Rate \* From July 1, 2034  
and Thereafter

\* The municipal bond return rate used is 2.85% and 3.80% as of the measurement dates of June 30, 2016 and 2015, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2016 and 2015 calculated using the discount rate of 3.98% and 4.90%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98% and 3.90%, respectively) or 1-percentage-point higher (4.98% and 5.90%, respectively) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
<u>2016</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 5,647,790	\$ 4,608,999	\$ 3,751,387
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
<u>2015</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 4,222,311	\$ 3,397,206	\$ 2,705,444

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2016 and 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.



**BOROUGH OF HARRINGTON PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees Retirement System (PERS) (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Police and Firemen's Retirement System (PFRS)**

At December 31, 2016 and 2015, the Borough reported a liability of \$7,024,930 and \$7,104,129, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2016, the Borough's proportionate share was .03677 percent, which was a decrease of .00588 percent from its proportionate share measured as of June 30, 2015 of .04265 percent.

For the years ended December 31, 2016 and 2015, the pension system has determined the Borough pension expense to be \$754,499 and \$763,436, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$346,687 and \$327,421, respectively. At December 31, 2016 and 2015, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2016		2015	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 46,049		\$ 61,275
Changes of Assumptions	\$ 973,011		\$ 1,311,599	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	492,223			123,641
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	477,071	675,924	627,507	-
Total	<u>\$ 1,942,305</u>	<u>\$ 721,973</u>	<u>\$ 1,939,106</u>	<u>\$ 184,916</u>

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

At December 31, 2016 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending December 31,	Total
2017	\$ 344,873
2018	344,873
2019	481,675
2020	140,111
2021	(91,200)
Thereafter	-
	<u>\$ 1,220,332</u>

***Actuarial Assumptions***

The Borough's total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

**PFRS**

	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.60-9.48%
Through 2026	2.10-8.98%	Based on Age
	Based on Age	
Thereafter	3.10-9.98%	3.60-10.48%
	Based on Age	Based on Age
Investment Rate of Return	7.65%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2015 and July 1, 2014 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2016	June 30, 2016	5.55%
2015	June 30, 2015	5.79%

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

***Discount Rate (Continued)***

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

Period of Projected Benefit

Payments for which the Following  
Rates were Applied:

Long-Term Expected Rate of Return                      Through June 30, 2050

Municipal Bond Rate \*                                      From July 1, 2050  
and Thereafter

\* The municipal bond return rate used is 2.85% and 3.80% as of the measurement dates of June 30, 2016 and 2015, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2016 and 2015 calculated using the discount rate of 5.55% and 5.79%, respectively, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55% and 4.79%, respectively) or 1-percentage-point higher (6.55% and 6.79%, respectively) than the current rate:

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
<u>2016</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ 9,058,132	\$ 7,024,930	\$ 5,366,976

	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
<u>2015</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ 9,365,497	\$ 7,104,129	\$ 5,260,185

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2016 and 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

***Special Funding Situation – PFRS***

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$589,920 and \$623,008, respectively. For the years ended December 31, 2016 and 2015, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$75,347 and \$77,711, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$22,604 and \$32,431, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

***Pension Plan Fiduciary Net Position***

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**NOTE 14 RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Harrington Park is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Borough.

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 14 RISK MANAGEMENT (Continued)**

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of reimbursements to the State for benefits paid and the ending balance of the Borough's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2016	\$ 3,376	\$ 17,828
2015	5,326	21,204
2014	5,445	26,530

**NOTE 15 CONTINGENT LIABILITIES**

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough's Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2016 and 2015. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2016 and 2015, the Borough reserved \$16,795 and \$16,795, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 15 CONTINGENT LIABILITIES (Continued)**

**Federal and State Awards** - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2016 and 2015, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**NOTE 16 FEDERAL ARBITRAGE REGULATIONS**

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2016 and 2015, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED**

The Borough of Harrington Park Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on June 19, 2000 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Harrington Park approved the adoption of the Plan at the general election held on November 7, 2000.

The implementation of the Emergency Services Volunteer Length of Service Award Program (the Plan) for the Harrington Park Volunteer Ambulance Corps was created by a Borough ordinance adopted on June 16, 2014. The voters of the Borough of Harrington Park approved the adoption of the Plan at the general election held on November 4, 2014.

The first year of eligibility for entrance into the Plan was calendar year 2001 and 2015 for the Volunteer Fire Department and Volunteer Ambulance Corps, respectively. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the Volunteer Ambulance Corps, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)**

The Borough of Harrington Park has contributed \$1,378 and \$1,360 for 2016 and 2015, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The Borough also contributed \$1,165 and \$1,150 for 2016 and 2015, respectively for each eligible volunteer ambulance corps member into the Plan. The total Borough contributions were \$65,476 and \$68,421 for 2016 and 2015, respectively.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Variable Annuity Life Insurance Company (VALIC) is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

**Vesting and Benefits**

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

**Reporting Requirements**

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.



**CURRENT FUND**

**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF CURRENT CASH - TREASURER**

Balance, January 1, 2016		\$ 1,695,605
Increased by Receipts:		
Tax Collector Receipts	\$ 24,515,141	
Revenue Accounts Receivable	773,615	
Miscellaneous Revenue Not Anticipated	142,762	
Federal and State Grants Received	88,641	
Budget Offsets	303,139	
State of New Jersey Senior Citizens'		
and Veterans' Deductions	41,750	
Unappropriated Reserves	18,121	
Due to State - DCA Fees Payable	4,304	
Prepaid County Taxes Returned - 2015	<u>288</u>	
		<u>25,887,761</u>
		27,583,366
Decreased by Disbursements:		
2016 Budget Appropriations	6,004,478	
2015 Appropriation Reserves	255,257	
Local District School Tax	11,417,735	
Regional High School Tax	5,289,585	
County Taxes	2,401,184	
Payments to Municipal Open Space and Recreation Trust Fund	89,781	
Appropriated Reserves	27,479	
Tax Overpayment Refunds	1,480	
Due to State - DCA Fees Payable	<u>4,932</u>	
		<u>25,491,911</u>
Balance, December 31, 2016		<u>\$ 2,091,455</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF CASH - COLLECTOR**

Increased by Receipts:		
Taxes Receivable	\$	24,327,617
Revenue Accounts Receivable		
Interest and Costs on Taxes		46,572
Prepaid Taxes		<u>140,952</u>
	\$	<u>24,515,141</u>
Decreased by Transfers to Treasurer	\$	<u>24,515,141</u>

**STATEMENT OF DUE TO STATE OF NEW JERSEY  
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, January 1, 2016	\$	12,381
Increased by:		
Cash Receipts	\$	41,750
2015 Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector		250
Senior Deductions Disallowed by Tax Collector		<u>750</u>
		<u>42,750</u>
		55,131
Decreased by:		
Senior Citizens' Deductions Per Tax Billings		2,500
Veterans' Deductions per Tax Billings		37,250
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector		<u>1,500</u>
		<u>41,250</u>
Balance, December 31, 2016	\$	<u>13,881</u>

**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance January 1, 2016	2016 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Collected in 2015	2016	Overpayments Applied	Senior Citizens' and Veterans' Deductions Allowed	Remitted or Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2016
2014	\$ 15				\$ 15					
2015	212,178	-	\$ 250	-	212,415	-	-	\$ 13	-	-
	212,193	-	250	-	212,430	-	-	13	-	-
2016	-	\$ 24,419,566	750	\$ 99,467	24,115,187	\$ 2,009	\$ 41,250	31,267	\$ 1,905	\$ 129,231
	<u>\$ 212,193</u>	<u>\$ 24,419,566</u>	<u>\$ 1,000</u>	<u>\$ 99,467</u>	<u>\$ 24,327,617</u>	<u>\$ 2,009</u>	<u>\$ 41,250</u>	<u>\$ 31,280</u>	<u>\$ 1,905</u>	<u>\$ 129,231</u>

Analysis of 2016 Property Tax Levy

Tax Yield	
General Purpose	\$ 24,385,554
Added Taxes (R.S. 54:4-63.1 et seq).	<u>34,012</u>
	<u>\$ 24,419,566</u>
Tax Levy	
Regional High School Tax (Abstract)	\$ 5,289,585
Local District School Tax (Abstract)	11,599,055
County Tax (Abstract)	\$ 2,373,414
County Tax for Open Space Preservation	24,427
County Tax for Added and Omitted Taxes (R.S. 54:4-63.1 et seq.)	<u>3,343</u>
	2,401,184
Local Tax for Municipal Purposes (Abstract)	4,679,419
Minimum Library Tax Levy (Abstract)	325,314
Additional Tax Levy	<u>35,297</u>
	5,040,030
Open Space Tax	89,587
Additional Tax Levy - Open Space Tax	<u>125</u>
	<u>89,712</u>
	<u>\$ 24,419,566</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF TAX TITLE LIENS**

Balance, January 1, 2016	\$ 36,266
Increased by:	
Transfer from Taxes Receivable	<u>1,905</u>
	38,171
Decreased by:	
Adjustment-Prior Year Cancellations	<u>13,767</u>
Balance, December 31, 2016	<u><u>\$ 24,404</u></u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)**

Balance, January 1, 2016	<u>\$ 59,720</u>
Balance, December 31, 2016	<u><u>\$ 59,720</u></u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, January 1, <u>2016</u>	Accrued in 2016	<u>Collected</u>	Balance, December 31, <u>2016</u>
Licenses				
Alcoholic Beverages		\$ 1,620	\$ 1,620	
Other		3,045	3,045	
Fees and Permits		9,042	9,042	
Construction Code Official				
Fees and Permits		92,183	92,183	
Fines and Costs				
Municipal Court	\$ 6,086	49,248	52,674	\$ 2,660
Interest on Costs on Taxes		46,572	46,572	
Interest in Investments and Deposits		12,054	12,054	
Cablevision Fees		34,404	34,404	
Energy Receipts Taxes		447,738	447,738	
Watershed Moratorium Offset Aid		20,257	20,257	
Uniform Fire Safety Act		7,603	7,603	
Lease of Real Property - Cell Tower		36,925	36,925	
Donations - Borough Newsletter		8,300	8,300	
Verizon Video Fees		35,453	35,453	
Sewer Payments - Old Tappan	-	12,317	12,317	-
	<u>\$ 6,086</u>	<u>\$ 816,761</u>	<u>\$ 820,187</u>	<u>\$ 2,660</u>

## Cash Receipts:

Treasurer	\$ 773,615
Collector	<u>46,572</u>
	<u>\$ 820,187</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF DEFERRED CHARGES  
N.J.S. 40A:4-55 SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u>	<u>1/5 of Net</u> <u>Amount Authorized</u>	<u>Balance</u> <u>January 1,</u> <u>2016</u>	<u>Raised</u> <u>in 2016</u> <u>Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2016</u>
4/16/2012	Revaluation	\$ 117,000	\$ 23,400	\$ 46,800	\$ 23,400	\$ 23,400
4/16/2012	Zoning Map	8,500	1,700	<u>3,400</u>	<u>1,700</u>	<u>1,700</u>
				<u>\$ 50,200</u>	<u>\$ 25,100</u>	<u>\$ 25,100</u>

**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF 2015 APPROPRIATION RESERVES**

	Balance, January 1, <u>2016</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages				
Administrative and Executive	\$ 151	\$ 151		\$ 151
Municipal Clerk	79	79		79
Financial Administration	3,912	12		12
Revenue Administration	1	1		1
Assessment of Taxes	401	401		401
Planning Board	176	176		176
Zoning Board of Adjustment	215	215		215
Police	21,673	17,673	\$ 804	16,869
Road Repairs and Maintenance	12,984	12,984	2,599	10,385
Board of Health	1,727	1,727		1,727
Recreation Services and Programs	15	15		15
Municipal Court	880	880		880
State Uniform Construction Code	4	4		4
Other Expenses				
Administrative and Executive	33	4,083	3,880	203
Mayor and Council	177	177		177
Municipal Clerk	322	322		322
Financial Administration	385	745	710	35
Audit Services	28,364	32,264	25,400	6,864
Revenue Administration				
Other Expenses	2,302	302	301	1
Assessment of Taxes	603	603		603
Legal Services and Costs				
Special Counsel	5,640	640	356	284
Planning Board	10,675	15,675	13,402	2,273
Zoning Board of Adjustment	327	327	320	7
General Liability Insurance	4,489	52,720	48,231	4,489
Employee Group Health	47,600	47,600		47,600
Police	1,996	30,608	29,087	1,521
Emergency Management Services		2,300	2,300	-
Aid to Volunteer Ambulance Companies	100	100		100
Fire - Other Expenses	7,097	9,127	7,081	2,046
Fire Hydrant Services	2	2		2
Uniform Fire Safety Act	315	315		315
Municipal Prosecutor - Contractual	4,000	4,000	4,000	-
Road Repair and Maintenance	11,456	11,905	4,965	6,940
Solid Waste Collection	14,067	14,067	14,067	-
Public Buildings and Grounds	293	293	36	257
Vehicle Maintenance				
Police - Other Expenses	3,033	5,995	3,256	2,739
Other Public Works Function - Beautification		2,000	2,000	-
Board of Health	1,829	1,829		1,829
Environmental Commission	49	49		49
Park and Recreation				
Recreation Services and Programs	977			-
Maintenance of Parks	1,145	1,145	70	1,075
Senior Citizen Activities	3,213			-
Contr. To James McGuire Sen. Ctr. - Northvale	1,000			-
Seniors Transportation Agreement w/ Haworth	183	5,373	5,155	218
Municipal Court	1,614	1,614	562	1,052
Public Defender	900	900		900
State Uniform Construction Code	54	54		54



**BOROUGH OF HARRINGTON PARK  
STATEMENT OF 2015 APPROPRIATION RESERVES**

	Balance, January 1, <u>2016</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses (continued)				
Utilities:				
Electricity	\$ 3,058	\$ 3,058	\$ 1,908	\$ 1,150
Street Lighting	6,087	6,087	3,932	2,155
Telephone and Telegraph	7,275	7,275		7,275
Water	2,941	2,941	53	2,888
Natural Gas	3,948	3,948	592	3,356
Gasoline	10,474	10,474	2,080	8,394
Sewage Processing & Disposal				-
Bergen County Landfill Dumping Fees	12,454	14,454	10,731	3,723
Contribution to Public Employees Retirement System	21,705	21,705		21,705
Social Security System (O.A.S.I.)	14,806	14,806		14,806
Contribution to Defined Contribution Retirement Program	300	300		300
NJPDES Permit - Stormwater Permit				
Engineering - Other Expenses	4,500	500		500
Bergen County Utilities Authority				
Operating	1	1		1
LOSAP	69,000	69,000	66,856	2,144
Recycling Tax Appropriation	1,585	1,585	523	1,062
Reserve for Tax Appeals	2,500	2,500		2,500
9-1-1 Interlocal Agreement	60	60	-	60
	<u>\$ 357,152</u>	<u>\$ 440,146</u>	<u>\$ 255,257</u>	<u>\$ 184,889</u>
Appropriation Reserves		\$ 357,152		
Encumbrances Payable		<u>82,994</u>		
		<u>\$ 440,146</u>		
Cash Disbursements			<u>\$ 255,257</u>	

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2016		\$ 82,994
Increased by:		
Charged to 2016 Budget Appropriations	\$ 12,679	
Charged to Appropriated Reserves	<u>2,489</u>	
		<u>15,168</u>
		98,162
Decreased by:		
Restored to Appropriation Reserves		<u>82,994</u>
Balance, December 31, 2016		<u><u>\$ 15,168</u></u>

**STATEMENT OF PREPAID TAXES**

Balance, January 1, 2016		\$ 99,467
Increased by:		
Collection - 2017 Taxes		<u>140,952</u>
		240,419
Decreased by:		
Application to 2016 Taxes		<u>99,467</u>
Balance, December 31, 2016		<u><u>\$ 140,952</u></u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF MUNICIPAL OPEN SPACE TAX PAYABLE**

Increased by:		
Tax Levied	\$	89,587
Added Taxes		<u>125</u>
		\$ <u>89,712</u>
Decreased by:		
Payments to Municipal Open Space and Recreation Trust Fund	\$	<u>89,712</u>

**STATEMENT OF COUNTY TAXES PAYABLE**

Balance, January 1, 2016 (Due From)	\$	(288)
Increased by:		
County Tax	\$	2,373,414
County Open Space Preservation		24,427
Due County for Added and Omitted Taxes		3,305
Due County Open Space Preservation Added and Omitted Taxes		38
Prepaid County Taxes - 2015 Returned		<u>288</u>
		<u>2,401,472</u>
		2,401,184
Decreased by:		
Payments		<u>2,401,184</u>
Balance, December 31, 2016	\$	<u>-</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF LOCAL DISTRICT SCHOOL TAX**

Balance, January 1, 2016		
School Tax Payable	\$ 92,735	
School Tax Deferred	<u>5,618,201</u>	
		\$ 5,710,936
Increased by:		
Levy School Year July 1, 2016 to June 30, 2017		<u>11,599,055</u>
		17,309,991
Decreased by:		
Payments		<u>11,417,735</u>
Balance, December 31, 2016		
School Tax Payable	92,729	
School Tax Deferred	<u>5,799,527</u>	
		\$ 5,892,256
2016 Liability for Local District School Tax		
Tax Paid		\$ 11,417,735
Add Tax Payable, December 31, 2016		<u>92,729</u>
		11,510,464
Less Tax Payable, January 1, 2016		<u>92,735</u>
Amount Charged to Operations		<u>\$ 11,417,729</u>

EXHIBIT A-18

**STATEMENT OF REGIONAL HIGH SCHOOL TAX**

Increased by:	
Levy - Calendar Year 2016	<u>\$ 5,289,585</u>
Decreased by:	
Payments	<u>\$ 5,289,585</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF RESERVE FOR SALE OF MUNICIPAL ASSETS**

Balance, January 1, 2016	\$ <u>6,539</u>
Balance, December 31, 2016	\$ <u>6,539</u>

**STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, January 1, 2016	\$ <u>16,795</u>
Balance, December 31, 2016	\$ <u>16,795</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF GRANTS RECEIVABLE**

	Balance, January 1, <u>2016</u>	<u>Accrued</u>	Cash <u>Collections</u>	Balance, December 31, <u>2016</u>
Municipal Stormwater Grant	\$ 1,705			\$ 1,705
Municipal Alliance Program - 2010	1,860			1,860
Division of Highway Safety	437			437
Municipal Alliance on Alcoholism and Drug Abuse-2011	3,100			3,100
Municipal Alliance on Alcoholism and Drug Abuse-2012	3,319			3,319
Municipal Alliance on Alcoholism and Drug Abuse-2013	449			449
Municipal Alliance on Alcoholism and Drug Abuse-2014	3,435			3,435
Senior Citizen Activities - CDBG	975			975
Bergen County - ADA Curb Ramp Improvements	24,480		\$ 14,814	9,666
Recycling Tonnage Grant		\$ 3,032	3,032	
Municipal Alliance on Alcoholism and Drug Abuse-2016		7,140	6,157	983
Highland Field Walking Path Lighting - Open Space Grant	<u>73,985</u>	<u>-</u>	<u>64,638</u>	<u>9,347</u>
	<u>\$ 113,745</u>	<u>\$ 10,172</u>	<u>\$ 88,641</u>	<u>\$ 35,276</u>
		Cash Receipts	<u>\$ 88,641</u>	

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF APPROPRIATED RESERVES**

	Balance, January 1, <u>2016</u>	Increased By: Transferred from 2016 <u>Appropriations</u>	<u>Expended</u>	Balance, December 31, <u>2016</u>
NJ-DOT-2010	\$ 6,742		\$ 4,331	\$ 2,411
Drunk Driving Enforcement Fund	165		165	
Alcohol Education and Rehabilitation	4,767			4,767
Municipal Stormwater Regulation Program	259			259
Municipal Alliance Program - State	-	\$ 7,140	7,140	
Municipal Alliance Program - Local	13,067	2,380	2,835	12,612
Recycling Tonnage Grant	342	3,032	2,932	442
Bergen County - ADA Curb Ramps Improvements	3,236			3,236
Body Armor Replacement Program	1,729			1,729
Highway Safety Grant	5,150			5,150
Bergen County Mini Grant	900			900
Highland Field Walking Path Lighting - Open Space Grant	73,985		64,638	9,347
Senior Citizen Activities - CDBG	2,475		2,475	
Clean Communities Grant	37,257	-	10,090	27,167
	<u>\$ 150,074</u>	<u>\$ 12,552</u>	<u>\$ 94,606</u>	<u>\$ 68,020</u>
		Cash Disbursements	\$ 27,479	
		Encumbrances Payable	2,489	
		Due to Municipal Open Space and Recreation Trust Fund	64,638	
			<u>\$ 94,606</u>	

EXHIBIT A-23

**STATEMENT OF UNAPPROPRIATED RESERVES**

Increased by:	
Cash Receipts	<u>\$ 18,121</u>
Balance, December 31, 2016	<u>\$ 18,121</u>
Senior Citizen Transportation - CDBG	\$ 3,500
Bergen County Mini Grant	300
Alcohol Education Rehab	181
Clean Communities Grant	11,823
Anjec Grant	935
Body Armor Replacement Program	1,382
	<u>\$ 18,121</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2016		\$ 19,156
Decreased by:		
Application to 2016 Taxes	\$ 2,009	
Overpayments Refunded	<u>1,480</u>	
		<u>3,489</u>
Balance, December 31, 2016		<u>\$ 15,667</u>

**STATEMENT OF DUE TO THE STATE - DCA FEES PAYABLE**

Balance, January 1, 2016		\$ 1,721
Increased by:		
Cash Receipts		<u>4,304</u>
		6,025
Decreased by:		
Cash Disbursements		<u>4,932</u>
Balance, December 31, 2016		<u>\$ 1,093</u>



**BOROUGH OF HARRINGTON PARK  
STATEMENT OF OTHER ACCOUNTS RECEIVABLE**

Balance, January 1, 2016	\$ <u>623</u>
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Decreased by:

Cancelled Against Reserve for Receivable	\$ <u>623</u>
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**TRUST FUNDS**

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF CASH - TREASURER**

	<u>Animal Control Trust Fund</u>	<u>Other Trust Fund</u>	<u>Open Space</u>
Balance, January 1, 2016	\$ 5,258	\$ 424,179	\$ 401,106
Increased by:			
Dog License Fees	\$ 6,204		
Due State of New Jersey			
Dog License Fees	728		
Domestic Violence Fees		\$ 375	
Late Charges/Other	1,833		
Interest on Deposits		131	
Open Space Taxes			\$ 89,712
Subdivision Applications		61,434	
Cat License Fees		850	
Recycling Program Receipts		7,853	
Dedicated Recreation Fees		18,223	
Payroll Deductions		2,974,620	
Beautification Reserve		10,483	
Reserve for Affordable Housing		276	
Green Team/Environmental Commission - Donations		599	
Open Space - Miscellaneous - Prior Year Expenditures Refunded			2,015
Cash Receipts From Current Fund	-	-	69
	<u>8,765</u>	<u>3,074,844</u>	<u>91,796</u>
	14,023	3,499,023	492,902
Decreased by:			
Due State of New Jersey			
Domestic Violence Fees		350	
Dog License Fees	728		
Unemployment Insurance Trust		3,376	
Animal Control Fund Expenditures	9,600		
Subdivision Applications		22,118	
Cat License Expenditures		203	
Payroll Deductions		2,986,730	
Recycling Program Expenditures		7,956	
Dedicated Recreation Fees		15,107	
Tree Fees		822	
Green Team/Environmental Commission - Expenditures		126	
Tax Sale Premiums		39,900	
Police - Donations		782	
Open Space Expenditures			38,141
Contracts Payable			68,240
Beautification Reserve		12,423	
Payments on Behalf of Current Fund	-	-	64,638
	<u>10,328</u>	<u>3,089,893</u>	<u>171,019</u>
Balance, December 31, 2016	<u>\$ 3,695</u>	<u>\$ 409,130</u>	<u>\$ 321,883</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES  
ANIMAL CONTROL FUND**

Balance, January 1, 2016	\$	5,258
Increased by:		
Dog License Fees Collected	\$	6,204
Late Fees and Other Fees		<u>1,833</u>
		<u>8,037</u>
		13,295
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>9,600</u>
Balance, December 31, 2016	\$	<u>3,695</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2015	\$ 8,837
2014	<u>9,077</u>
	<u>\$ 17,914</u>

**STATEMENT OF DUE FROM STATE OF NEW JERSEY  
ANIMAL CONTROL TRUST FUND**

Increased by:		
Payments to State of New Jersey	\$	<u>728</u>
Decreased by:		
State License Fees	\$	517
Pilot Clinic Control		103
Animal Population Control		<u>108</u>
	\$	<u>728</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF DEVELOPER'S DEPOSITS  
OTHER TRUST FUND**

Balance, January 1, 2016	\$	<u>59,821</u>
Balance, December 31, 2016	\$	<u>59,821</u>

**STATEMENT OF SUBDIVISION APPLICATIONS - DEVELOPER'S  
OTHER TRUST FUND**

Balance, January 1, 2016	\$	78,122
Increase by:		
Cash Receipts		<u>61,434</u>
		139,556
Decreased by:		
Cash Disbursements		<u>22,118</u>
Balance, December 31, 2016	\$	<u>117,438</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF STREET OPENING DEPOSITS - DEVELOPER'S  
OTHER TRUST FUND**

Balance, January 1, 2016	\$ <u>2,000</u>
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Balance, December 31, 2016	\$ <u>2,000</u>
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**STATEMENT OF DEDICATED CAT LICENSE FEES  
OTHER TRUST FUND**

Balance, January 1, 2016	\$ 5,778
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Increase by:	
Cash Receipts	<u>850</u>

6,628

Decreased by:	
Cash Disbursements	<u>203</u>

Balance, December 31, 2016	\$ <u>6,425</u>
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**STATEMENT OF TENNIS PROGRAM RESERVE - RECREATION  
OTHER TRUST FUND**

Balance, January 1, 2016	\$ <u>8,911</u>
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Balance, December 31, 2016	\$ <u>8,911</u>
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**BOROUGH OF HARRINGTON PARK  
STATEMENT OF DEDICATED PARKING OFFENSES ADJUDICATION ACT  
OTHER TRUST FUND**

Balance, January 1, 2016	\$	<u>194</u>
Balance, December 31, 2016	\$	<u>194</u>

**STATEMENT OF RECYCLING PROGRAM  
(DEDICATED UNDER R.S. 40:12-8)  
OTHER TRUST FUND**

Balance, January 1, 2016	\$	1,744
Increased by:		
Cash Receipts		<u>7,853</u>
		9,597
Decreased by:		
Cash Disbursements		<u>7,956</u>
Balance, December 31, 2016	\$	<u>1,641</u>

**STATEMENT OF DEDICATED RECREATION FEES  
OTHER TRUST FUND**

Balance, January 1, 2016	\$	9,873
Increased by:		
Cash Receipts		<u>18,223</u>
		28,096
Decreased by:		
Cash Disbursements		<u>15,107</u>
Balance, December 31, 2016	\$	<u>12,989</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF DUE TO STATE OF NEW JERSEY  
STATE TRAINING FEES  
OTHER TRUST FUND**

Balance, January 1, 2016	\$ <u>7,018</u>
Balance, December 31, 2016	\$ <u>7,018</u>

**STATEMENT OF DUE TO STATE OF NEW JERSEY - DOMESTIC VIOLENCE FEES  
OTHER TRUST FUND**

Balance, January 1, 2016	\$ 103
Increased by:	
Cash Receipts	<u>375</u>
	478
Decreased by:	
Cash Disbursements - Payments to the State of New Jersey	<u>350</u>
Balance, December 31, 2016	\$ <u>128</u>



**BOROUGH OF HARRINGTON PARK  
STATEMENT OF DEDICATED UNEMPLOYMENT INSURANCE TRUST  
OTHER TRUST FUND**

Balance, January 1, 2016	\$ 21,204
Decreased by:	
Cash Disbursements - Payments to the State of New Jersey	<u>3,376</u>
Balance, December 31, 2016	<u>\$ 17,828</u>

**STATEMENT OF DUE FROM CURRENT FUND  
OTHER TRUST FUND**

Balance, January 1, 2016	\$ 4,609
Decreased by:	
Interest on Deposits	<u>131</u>
Balance, December 31, 2016	<u>\$ 4,478</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF RESERVE FOR WORLD TRADE CENTER ASSISTANCE  
OTHER TRUST FUND**

Balance, January 1, 2016	\$	<u>1,097</u>
Balance, December 31, 2016	\$	<u>1,097</u>

**STATEMENT OF RESERVE FOR AFFORDABLE HOUSING - DEVELOPER'S FEES  
OTHER TRUST FUND**

Balance, January 1, 2016	\$	66,287
Increased by:		
Cash Receipts		<u>276</u>
Balance, December 31, 2016	\$	<u>66,563</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF RESERVE FOR MUNICIPAL OPEN SPACE  
MUNICIPAL OPEN SPACE AND RECREATION TRUST FUND**

Balance, January 1, 2016		\$ 248,496
Increased by:		
2016 Tax Levy	\$ 89,587	
Added Tax Levy	125	
Miscellaneous - Cancelled Prior Year Accounts Payable	79,454	
Miscellaneous - Prior Year Expenditures Refunded	<u>2,015</u>	
		<u>171,181</u>
		419,677
Decreased by:		
Cash Disbursements	38,141	
Contracts Payable	<u>2,995</u>	
		<u>41,136</u>
Balance, December 31, 2016		<u>\$ 378,541</u>

EXHIBIT B-21

**STATEMENT OF RESERVE FOR PAYROLL DEDUCTIONS  
OTHER TRUST FUND**

Balance, January 1, 2016		\$ 16,936
Increased by:		
Cash Receipts		<u>2,974,620</u>
		2,991,556
Decreased by:		
Cash Disbursements		<u>2,986,730</u>
Balance, December 31, 2016		<u>\$ 4,826</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF RESERVE FOR TAX SALE PREMIUM  
OTHER TRUST FUND**

Balance, January 1, 2016	\$	121,900
Decreased by:		
Cash Disbursements		39,900
Balance, December 31, 2016	\$	82,000

**STATEMENT OF RESERVE FOR GREEN TEAM/ENVIRONMENTAL COMMISSION -  
DONATIONS  
OTHER TRUST FUND**

Balance, January 1, 2016	\$	919
Increased by:		
Cash Receipts		599
		1,518
Decreased by:		
Cash Disbursements		126
Balance, December 31, 2016	\$	1,392

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF RESERVE FOR POLICE DONATIONS  
OTHER TRUST FUND**

Balance, January 1, 2016	\$ 3,321
Decreased by:	
Cash Disbursements	<u>782</u>
Balance, December 31, 2016	<u>\$ 2,539</u>

**STATEMENT OF DUE FROM CURRENT FUND  
OPEN SPACE TRUST FUND**

Balance, January 1, 2016	\$ 69
Increased by:	
2016 Tax Levy	\$ 89,587
Added Tax Levy	125
Cash Disbursements On Behalf of Current Fund	<u>64,638</u>
	<u>154,350</u>
	154,419
Decreased by:	
Cash Receipts	<u>89,781</u>
Balance, December 31, 2016	<u>\$ 64,638</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF RESERVE FOR BEAUTIFICATION  
OTHER TRUST FUND**

Balance, January 1, 2016	\$ 7,206
Increased by:	
Cash Receipts	<u>10,483</u>
	17,689
Decreased by:	
Cash Disbursements	<u>12,423</u>
Balance, December 31, 2016	<u>\$ 5,266</u>

**STATEMENT OF RESERVE FOR TREE FEES  
OTHER TRUST FUND**

Balance, January 1, 2016	\$ 16,354
Decreased by:	
Cash Disbursements	<u>822</u>
Balance, December 31, 2016	<u>\$ 15,532</u>

**STATEMENT OF CONTRACTS PAYABLE  
MUNICIPAL OPEN SPACE AND RECREATION TRUST FUND**

Balance, January 1, 2016	\$ 152,679
Increased by:	
Contract Award	<u>2,995</u>
	155,674
Decreased by:	
Cash Disbursements	\$ 68,240
Cancelled Prior Year Accounts Payable	<u>79,454</u>
	<u>147,694</u>
Balance, December 31, 2016	<u>\$ 7,980</u>

**GENERAL CAPITAL FUND**

**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF GENERAL CAPITAL CASH AND CASH EQUIVALENTS - TREASURER**

Balance, January 1, 2016		\$	1,325,979
Increased by Receipts:			
Budget Appropriation			
Capital Improvement Fund	\$	2,000	
Grant Receipts		82,009	
Interest on Deposits		<u>6</u>	
			<u>84,015</u>
			1,409,994
Decreased by Disbursements:			
Improvement Authorizations		90,102	
Contracts Payable		<u>272,240</u>	
			<u>362,342</u>
Balance, December 31, 2016		\$	<u>1,047,652</u>



**BOROUGH OF HARRINGTON PARK**  
**ANALYSIS OF GENERAL CAPITAL CASH AND CASH EQUIVALENTS**

	Balance, December 31, <u>2016</u>
Capital Improvement Fund	\$ 96,423
Contracts Payable	134,869
Reserve for Payment of Debt	171,966
Grants Receivable	(86,191)
Due to Current Fund	132
Due from NJEIT Loan Program	(25,150)
Improvement Authorizations:	
598 Acquisition of DPW Equipment	6,463
659/679 Various Capital Improvements	26,470
665 Dredging and Restoration of Blanch Brook	65,927
675 Various Capital Improvements	1,852
691 Various Capital Improvements	619,537
698 Various Capital Improvements	<u>35,354</u>
	<u>\$ 1,047,652</u>

EXHIBIT C-4

**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance, January 1, 2016	\$ 3,127,464
Decreased by:	
2016 Budget Appropriations:	
Serial Bonds	\$ 290,000
Pay Green Trust Loan	7,128
Pay NJEIT Loan	<u>33,079</u>
	<u>330,207</u>
Balance, December 31, 2016	<u>\$ 2,797,257</u>

**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION- UNFUNDED**

		<u>Analysis of Balance, December 31, 2016</u>		
<u>Ord.</u>	<u>Improvement Description</u>	Balance, January 1, <u>2016</u>	Balance, December 31, <u>2016</u>	Unexpended Improvement <u>Authorizations</u>
665	Dredging & Restoration Blanch Brook	\$ 71,424	\$ 71,424	\$ 71,424
698	Various Capital Improvements	<u>473</u>	<u>473</u>	<u>473</u>
		<u>\$ 71,897</u>	<u>\$ 71,897</u>	<u>\$ 71,897</u>
			Improvement Authorizat	<u>\$ 71,897</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF GRANTS/ACCOUNTS RECEIVABLE**

				Department of Transportation			Dept. of Office Emergency Mgmt.
	<u>Total</u>	<u>Ord. 675 - Laroche Ave - Section 5 and Parkside - Section 3</u>	<u>Ord. 691 - Lynn Street</u>	<u>Ord. 691 - Lynn Street - Section 2</u>	<u>Ord. 691 - Various Sidewalks Phase 3</u>	<u>Ord. 691 - Parkside Rd - Section 4 and Harriot Place</u>	<u>Ord. 691 - Emergency Generators</u>
Balance, January 1, 2016	\$ 260,750	\$ 24,282	\$ 37,250	\$ 37,250		\$ 86,968	\$ 75,000
Increased by: Grant Award	19,700	-	-	-	\$ 19,700	-	-
	280,450	24,282	37,250	37,250		86,968	75,000
Decreased by: Cash Receipts	82,009	-	-	37,250	19,700	25,059	-
Balance, December 31, 2016	<u>\$ 198,441</u>	<u>\$ 24,282</u>	<u>\$ 37,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,909</u>	<u>\$ 75,000</u>
<u>Analysis of Balance</u>							
<u>Pledged to Ordinance</u>							
Ord. 675	\$ 24,282						
Ord. 691	61,909						
<u>Reserve for Grant Receivable</u>							
Ord. 691	112,250						
	<u>\$ 198,441</u>						

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF DUE FROM NJEIT LOAN PROGRAM**

Balance, January 1, 2016	\$ 25,150
Balance, December 31, 2016	<u>\$ 25,150</u>

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, January 1, 2016	\$ 94,423
Increased by:	
2016 Budget Appropriation	<u>2,000</u>
Balance, December 31, 2016	<u>\$ 96,423</u>

**STATEMENT OF CONTRACTS PAYABLE**

Balance, January 1, 2016	\$ 407,109
Decreased by:	
Cash Disbursements	<u>272,240</u>
Balance, December 31, 2016	<u>\$ 134,869</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF DUE TO CURRENT FUND**

Balance, January 1, 2016	\$ 126
Increased by:	
Interest on Deposits	<u>6</u>
Balance, December 31, 2016	<u>\$ 132</u>

**STATEMENT OF RESERVE FOR PAYMENT OF DEBT**

Balance, January 1, 2016	\$ 152,266
Increased by:	
Grant Receipts from Funded Ordinance #691	<u>19,700</u>
Balance, December 31, 2016	<u>\$ 171,966</u>

**BOROUGH OF HARRINGTON PARK**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

<u>Improvements</u>		<u>Balance, January 1, 2016</u>		<u>Expended</u>	<u>Balance, December 31, 2016</u>	
		<u>Funded</u>	<u>Unfunded</u>		<u>Funded</u>	<u>Unfunded</u>
598	Acquisition of DPW Equipment	\$ 6,463			\$ 6,463	
659/679	Various Capital Improvements	26,470			26,470	
665	Dredging & Restoration of Blanch Brook	65,927	\$ 71,424		65,927	\$ 71,424
675	Various Capital Improvements	1,852			1,852	
691	Various Capital Improvements	678,648		\$ 59,111	619,537	
698	Various Capital Improvements	<u>66,345</u>	<u>473</u>	<u>30,991</u>	<u>35,354</u>	<u>473</u>
		<u>\$ 845,705</u>	<u>\$ 71,897</u>	<u>\$ 90,102</u>	<u>\$ 755,603</u>	<u>\$ 71,897</u>
Cash Disbursements				<u>\$ 90,102</u>		

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF GENERAL SERIAL BONDS PAYABLE**

Issue	Date of Issue	Amount of Original Issue	Maturities Outstanding December 31, 2016		Interest Rate	Balance, January 1, 2016	Decreased	Balance, December 31, 2016
			Date	Amount				
Various Improvement Bonds	8/6/2015	\$ 2,876,000	8/15/2017	\$ 295,000	1.50%			
			8/15/2018	305,000	1.50%			
			8/15/2019	310,000	1.50%			
			8/15/2020	320,000	1.75%			
			8/15/2021	325,000	2.00%			
			8/15/2022	335,000	2.00%			
			8/15/2023	345,000	2.00%			
			8/15/2024	351,000	2.20%	<u>\$ 2,876,000</u>	<u>\$ 290,000</u>	<u>\$ 2,586,000</u>
Paid by Budget Appropriation						<u>\$ 290,000</u>		

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF GREEN TRUST LOAN PAYABLE**

Ord. Number	Improvement Description	Date Issued	Amount of Original Issue	Maturities Outstanding <u>December 31, 2016</u>		Interest Rate	Balance, January 1,	Decreased	Balance, December 31,
				Date	Amount		2016		2016
483	Acq. Of Watershed Lands	5/18/1998	\$ 119,873	2/18/2017	\$ 3,617	2.00%			
				8/18/2017	3,654				
				2/18/2018	3,690				
							<u>\$ 18,089</u>	<u>\$ 7,128</u>	<u>\$ 10,961</u>

Paid by Budget Appropriation \$ 7,128



**BOROUGH OF HARRINGTON PARK  
STATEMENT OF NJEIT FUND LOAN PAYABLE**

Ord. Number	Improvement Description	Date Issued	Amount of Original Issue	Maturities Outstanding, December 31, 2016		Interest Rate	Balance,	Decreased	Balance,
				Date	Amount		January 1, 2016		December 31, 2016
665	Dredging & Restoration Blanch Brook	5/23/2012	\$ 348,576	2/1/2017	\$ 8,089	0.00%			
				8/1/2017	16,178				
				2/1/2018	8,089				
				8/1/2018	16,178				
				2/1/2019	8,089				
				8/1/2019	16,178				
				2/1/2020	8,089				
				8/1/2020	16,178				
				2/1/2021	8,089				
				8/1/2021	16,177				
				2/1/2022	8,088				
				8/1/2022	16,177				
665	Dredging & Restoration Blanch Brook	5/23/2012	\$ 89,732	8/1/2017	8,864	0.790%			
				8/1/2018	8,935	1.030%			
				8/1/2019	9,027	1.270%			
				8/1/2020	9,141	1.550%			
				8/1/2021	9,283	1.770%			
				8/1/2022	9,447	1.930%			
						63,510			
		\$ 233,375	\$ 33,079	\$ 200,296					
Paid by Budget Appropriation							\$ 33,079		

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF RESERVE FOR GRANT RECEIVABLES**

Balance, January 1, 2016	<u>\$ 112,250</u>
Balance, December 31, 2016	<u>\$ 112,250</u>

**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance, January 1, <u>2016</u>	Balance, December 31, <u>2016</u>
665	Dredging & Restoration Blanch Brook	\$ 71,424	\$ 71,424
698	Various Capital Improvements	<u>473</u>	<u>473</u>
		<u>\$ 71,897</u>	<u>\$ 71,897</u>

**BOROUGH OF HARRINGTON PARK**

**COUNTY OF BERGEN**

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**PART II**

**GOVERNMENT AUDITING STANDARDS**



LERCH, VINCI & HIGGINS. LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
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CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA, PSA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Borough Council  
Borough of Harrington Park  
Harrington Park, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Harrington Park as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2017. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Borough of Harrington Park's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Harrington Park's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Harrington Park's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Harrington Park's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

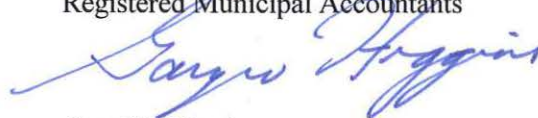
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Harrington Park in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Harrington Park's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Harrington Park's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants



Gary W. Higgins  
Registered Municipal Accountant  
RMA Number CR00405

Fair Lawn, New Jersey  
June 26, 2017



**BOROUGH OF HARRINGTON PARK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Grant Year	CFDA Number	Grant Award Amount	2016 Grant Receipts	Balance, January 1, 2016 (Restated)	Revenue Realized	Expenditures	Adjustment (A)	Balance, December 31, 2016	Cumulative Expenditures
Division of Highway Safety										
Highway Safety Grant	2014	20.616	\$ 5,150		\$ 2,300				\$ 2,300	\$ 2,850
Highway Safety Grant	2015	20.616	2,850		2,850				2,850	
U.S. Department of Homeland Security (Passed Through State Department of Law and Public Safety)										
FEMA - Hazard Mitigation	2014	97.039	75,000		75,000				75,000	
Department of Transportation										
Trust Fund Authority Act - 2015 Lynn Street - Section 2 - Ord #691	2014	20.205	149,000	\$ 37,250	37,250				37,250	
Trust Fund Authority Act - Various Sidewalks - Phase 3 - Ord #691	2014	20.205	19,700	19,700		\$ 19,700	\$ 19,700			19,700
Trust Fund Authority Act - Parkside Rd - Section 4 and Harriot Place - Ord #691	2013	20.205	150,000	25,059				\$ 61,909	61,909	88,091
U.S. Department of Housing and Urban Development (Passed Through Bergen County Dept. of Community Development)										
Community Development Block Grant										
Senior Citizen Activities	2015	14.218	2,500		2,475	-	2,475	-	-	
					\$ 119,875	\$ 19,700	\$ 22,175	\$ 61,909	\$ 179,309	

(A) - To reclassify prior years expenditures and adjust balance at December 31, 2016

Note: This schedule was not subject to an audit in accordance with U.S. Uniform Guidance

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**BOROUGH OF HARRINGTON PARK**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>State Grant Program</u>	<u>Grant Number</u>	2016 Grant Receipts	Balance, January 1, 2016 (Restated)	Revenue Realized	Expended	Balance, December 31, 2016	Cumulative Expenditures
Department of Transportation							
Trust Fund Authority Act - 2010	2010		\$ 6,742		\$ 4,331	\$ 2,411	\$ 6,742
Clean Communities Grant Program	4900-765-178900						
2012			3,876		3,876	-	7,864
2013			6,927		6,214	713	7,014
2014			7,605			7,605	1,467
2015			18,849			18,849	
Body Armor Replacement Fund	*						
2015			1,729			1,729	1,124
Alcohol Education Rehabilitation & Enforcement	9735-760-098		4,767			4,767	
Drunk Driving Enforcement Fund	1110-448-031020-22		165		165	-	4,068
Recycling Tonnage Grant	*						
2016		\$ 3,032	-	\$ 3,032	2,932	100	2,932
2015			342			342	11,154
Municipal Stormwater Grant	*		259			259	6,563
<u>Passed Through County of Bergen</u>							
Municipal Alliance Program - 2016	*	6,157	-	7,140	7,140	-	7,140
			<u>\$ 51,261</u>	<u>\$ 10,172</u>	<u>\$ 24,658</u>	<u>\$ 36,775</u>	

\*Not Available

Note: The schedule was not subject to Single Audit as defined by OMB Circular 15-08.

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance



**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE**

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Harrington Park. The Borough is defined in Note 1(A) to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Borough's financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Current Fund	\$ 10,172		\$ 10,172
General Capital Fund	<u>-</u>	<u>\$ 19,700</u>	<u>19,700</u>
	<u>\$ 10,172</u>	<u>\$ 19,700</u>	<u>\$ 29,872</u>

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE 5 STATE LOANS OUTSTANDING**

The Borough's state loans outstanding at December 31, 2016, which are not required to be reported on the schedule of expenditures of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
Green Trust	V2269-6020	\$ 10,961
NJEIT Program		<u>200,296</u>
		<u>\$ 211,257</u>

**NOTE 7 RECLASSIFICATIONS**

A certain grant program has been reclassified at January 1, 2016 from State (schedule B) to Federal programs (schedule A) for the following:

<u>Federal/State Grant Program</u>	<u>Account Number</u>	<u>Balance, December 31, 2015</u>
Department of Transportation Trust Fund Authority Act 2015 Lynn Street – Section 2 Ord. #69	20.205	<u>\$37,250</u>

**BOROUGH OF HARRINGTON PARK  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

*Part I – Summary of Auditor's Results*

**Financial Statements**

Type of auditors' report issued on financial statements Modified - Presentation of Unaudited LOSAP Fund

Internal control over financial reporting:

1) Material weakness(es) identified \_\_\_\_\_ yes        X   no

2) Significant deficiency(ies) that are not  
considered to be material weakness(es)? \_\_\_\_\_ yes        X   none reported

Noncompliance material to the financial  
statements noted? \_\_\_\_\_ yes        X   no

**Federal Awards Section**

NOT APPLICABLE

**State Awards Section**

NOT APPLICABLE

**BOROUGH OF HARRINGTON PARK  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

***Part 2 – Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**BOROUGH OF HARRINGTON PARK  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2015-001**

Our audit revealed that a certain General Capital Fund contract was not encumbered when awarded by the Council.

**Status**

Corrective action has been taken.

**BOROUGH OF HARRINGTON PARK**

**BERGEN COUNTY**

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**PART III**

**SUPPORTING DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2016**

**BOROUGH OF HARRINGTON PARK  
SUPPORTING DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - CURRENT FUND**

	<u>Year 2016</u>			<u>Year 2015</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>					
Fund Balance Utilized	\$ 358,000	1.38 %	\$	291,440	1.15 %
Miscellaneous - From Other Than Local					
Property Tax Levies	973,258	3.75		1,121,798	4.44
Collection of Delinquent Taxes					
and Tax Title Liens	212,430	0.82		220,159	0.87
Collection of Current Tax Levy	24,257,163	93.34		23,531,741	93.06
Other Credits	<u>185,177</u>	<u>0.71</u>		<u>121,931</u>	<u>0.48</u>
Total Income	<u>25,986,028</u>	<u>100.00</u> %		<u>25,287,069</u>	<u>100.00</u> %
<b>EXPENDITURES</b>					
Budget Expenditures					
Municipal Purposes	6,188,738	24.38 %		6,016,361	24.32 %
County Taxes	2,401,184	9.46		2,299,027	9.29
Local and Regional School Taxes	16,707,314	65.81		16,331,782	66.01
Municipal Open Space Tax	89,712	0.35		89,671	0.36
Other Expenditures	<u>256</u>	<u>0.00</u>		<u>3,148</u>	<u>0.01</u>
Total Expenditures	<u>25,387,204</u>	<u>100.00</u> %		<u>24,739,989</u>	<u>100.00</u> %
Excess in Revenue over Expenditures	598,824			547,080	
Fund Balance, January 1	<u>1,016,058</u>			<u>760,418</u>	
	1,614,882			1,307,498	
Less Utilization as Anticipated Revenue	<u>358,000</u>			<u>291,440</u>	
Fund Balance, December 31	<u>\$ 1,256,882</u>			<u>\$ 1,016,058</u>	



**BOROUGH OF HARRINGTON PARK  
SUPPORTING DATA**

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	<u>\$2.722</u>	<u>\$2.654</u>	<u>\$2,593</u>
<u>Apportionment of Tax Rate</u>			
Municipal (Includes Municipal Library)	.558	.545	.544
Municipal Open Space Tax	.010	.010	.010
Regional High School	.591	.587	.576
Local School	1.295	1.255	1.218
County (Includes County Open Space Tax)	.268	.257	.245

Assessed Valuation Basis

2016	<u>\$895,869,000</u>	
2015		<u>\$895,233,500</u>
2014		<u>\$896,166,700</u>

**Comparison Of Tax Levies And Current Collections**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2016	\$ 24,419,566	\$ 24,257,163	99.33%
2015	23,798,740	23,531,741	98.88%
2014	23,255,465	22,990,585	98.86%

**Delinquent Taxes and Tax Title Liens**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2016	\$ 24,404	\$ 129,231	\$ 153,635	0.63%
2015	36,266	212,193	248,459	1.04%
2014	34,408	218,437	252,845	1.09%

**BOROUGH OF HARRINGTON PARK  
SUPPORTING DATA**

**Property Acquired By Tax Title Lien Foreclosure**

No properties have been acquired in 2016 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2016	\$59,720
2015	59,720
2014	59,720

**Comparative Schedule Of Fund Balance**

	<u>Year</u>	<u>Balance, December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2016	\$1,256,882	\$368,000
	2015	1,016,058	358,000
	2014	760,418	291,440

**BOROUGH OF HARRINGTON PARK  
SUPPORTING DATA**

**OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Type of Bond</u>
Paul Hoelscher	Mayor		
Allan Napolitano	Council President		
Joon Chung	Councilwoman		
Greg Evanella	Councilman		
Laura Fitzgerald	Councilwoman		
Jorden Nick Pedersen	Councilman		
Diane Walker	Councilwoman		
Ann H. Bistriz	Borough Clerk/Administrator		
Debra Rielly	Payroll/Construction Clerk		
Kunjesh Trivedi	Tax Collector, Tax Search Officer, Chief Financial Officer		
Raymond Damiano	Assessor		
Joseph Zavadino	Construction Official		
Mark Kiernan	Superintendent of Public Works		
Albert Maalouf	Chief of Police		
Roger Hauser	Magistrate (1/1/16-2/15/16)		
Matthew Fierro	Magistrate (2/16/16- Present)		
Lindsay Volpitta	Court Administrator		

The Bergen County Municipal Joint Insurance Fund provides public employee dishonesty coverage for all employees in the amount of \$50,000.

The Bergen County Municipal Excess Liability Joint Insurance Fund provides public employee dishonesty and faithful performance coverage in the amount of \$950,000 for all employees.

## **BOROUGH OF HARRINGTON PARK SUPPORTING DATA**

### **GENERAL COMMENTS**

#### **Current Year**

Our audit revealed two contract balances encumbered at year end were deemed invalid. It is recommended that all open encumbrances be reviewed for validity at year end.

#### **Prior Year Unresolved**

Our audit revealed that certain prior year grant receivable balances exist. In addition, there are various inactive appropriated reserves that remain unexpended. It is recommended that grant receivable balances be reviewed for collectability or otherwise cleared of record. Additionally, inactive appropriated reserves be expended or cancelled.

#### **Contracts and Agreements Required To Be Advertised For N.J.S. 40a:11-4**

N.J.S. 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the bid threshold, except by contract or agreement".

If the Borough's purchasing agent is qualified pursuant to subsection b. of Section 9 of P.L. 1971, c.198 (C.40A:11-9), the Borough may establish the bid threshold up to a maximum of \$40,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section. The Governing Body has designated the Chief Municipal Finance Officer as the qualified purchasing agent.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicate that bids were solicited by public advertising for the following:

Purchase of DPW Generator  
Field Maintenance

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishings or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed to determine whether any clear-cut violations existed and no violations of the Local Public Contracts Law were found.

**BOROUGH OF HARRINGTON PARK  
SUPPORTING DATA**

**GENERAL COMMENTS**

**Collection of Interest on Delinquent Taxes and Assessments**

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body on January 3, 2016, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, by the Mayor and Council of the Borough of Harrington Park, that pursuant to Title 54:4-67 of the Revised Statutes of New Jersey, the Mayor and Council hereby fixed the rate of interest to be charged for the non-payment of taxes and assessments on or before the date when the same would become delinquent at the rate not to exceed 8% per annum on the first \$1,500 of the delinquency, and 18% per annum of any amount in excess of \$1,500 becoming delinquent after the due date; and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31<sup>st</sup> of each year, an additional penalty of 6% shall be charged against such delinquency.

BE IT FURTHER RESOLVED, that after the 10 day grace period, interest reverts back to the due date at the rate of 8% on the first \$1,500, etc.

It appears from our examination of the Collector's record that interest was collected in accordance with the foregoing resolution.

**Delinquent Taxes And Tax Title Liens**

There was no tax sale held in 2016.

Inspection of tax sale certificates revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2016	4
2015	4
2014	4

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

**BOROUGH OF HARRINGTON PARK  
SUPPORTING DATA**

**RECOMMENDATIONS**

It is recommended that:

1. All open encumbrances be reviewed for validity at year end.
- \* 2. Grant receivable balances be reviewed for collectability or otherwise cleared of record. Additionally, inactive appropriated reserves be expended or cancelled.

Status of Prior Years' Audit Findings/Recommendations

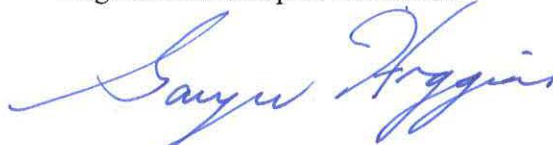
A review was performed on all prior years' recommendations. The recommendation which has not been corrected and which is repeated in this audit is denoted with an asterisk (\*).

\* \* \* \* \*

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants



Gary W. Higgins  
Registered Municipal Accountant  
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